Unemployment rate rises to 4.1% as participation grows

Media Release

Released 20/02/2025

Source: Labour Force, Australia, January 2025

The seasonally adjusted unemployment rate rose by 0.1 percentage point to 4.1 per cent in January, according to data released today by the Australian Bureau of Statistics (ABS).

Bjorn Jarvis, ABS head of labour statistics said: "With employment rising by 44,000 people and the number of unemployed increasing by 23,000 people, the unemployment rate rose to 4.1 per cent.

"The rises in both the number of people employed and unemployed saw the participation rate rise by 0.1 percentage point, to a new record high of 67.3 per cent. This was 0.8 percentage points higher than a year ago and 1.8 percentage points higher than March 2020.

"The number of employed people grew by 0.3 per cent in January 2025, the same pace as the average monthly rise in 2024, but higher than the average monthly population growth of 0.2 per cent during 2024.

"Most of the rise in both employment and unemployment in January reflected rises for women, with female employment rising by 44,000 and unemployment by 24,000. In contrast, male employment and unemployment both changed by less than 1,000 people."

Some of the increase in unemployment reflected more people than usual with jobs in January who were waiting to start or return to work. More information on this can be found in an article in this release (/articles/insights-job-attachment-january-2025) .

"As in the past three Januarys, in January 2025 we again saw more people than usual who had a job but were waiting to start or return to work," Mr Jarvis said.

The employment-to-population ratio rose 0.1 percentage point to a new record of 64.6 per cent. This was 0.8 percentage points higher than a year ago and 2.4 percentage points higher than before the COVID-19 pandemic. This change was underpinned by an increase in the employment-to-population ratio for women.

"With a relatively large increase in female employment in January, their employment-to-population ratio rose 0.3 percentage points, to a record high of 60.8 per cent. This was 0.7 percentage points higher than a year ago and 2.9 percentage points higher than before the COVID-19 pandemic.

"The rise in the number of unemployed women in January also saw their unemployment rate rise to 4.1 per cent, in line with the unemployment rate for men," Mr Jarvis said.

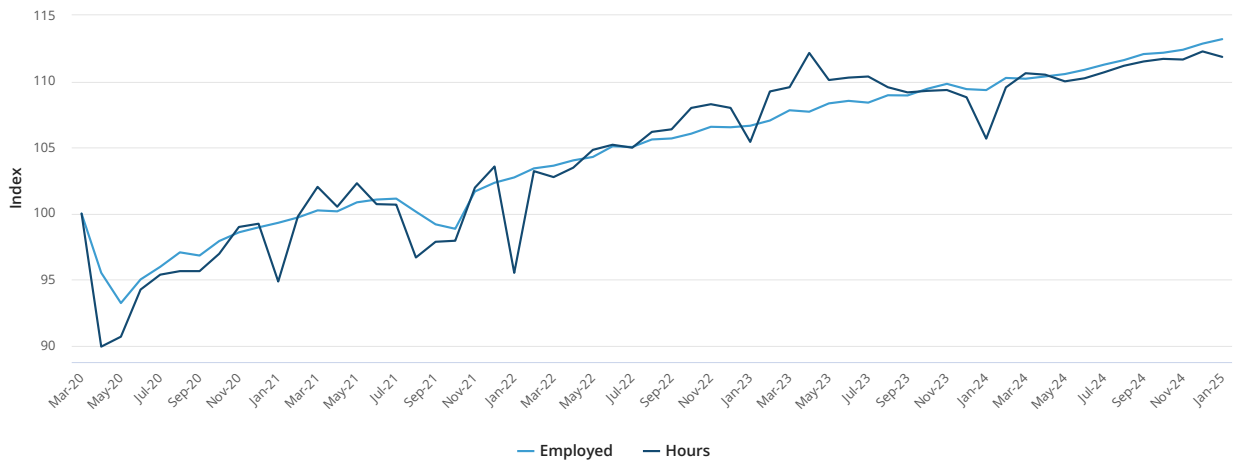
Hours worked

Seasonally adjusted monthly hours worked fell by 0.4 per cent in January 2025. This again reflected a higher than usual number of people working reduced hours in January, but less so than in recent Januarys. This is explored further in an article in this release (/articles/seasonal-adjustment-and-changing-seasonality-labour-force-statistics-

January-2025) .

“The fall in seasonally adjusted hours worked in January 2025 is the smallest we’ve seen over the past five Januarys, and much more in line with what we have seen in the past, before the pandemic,” Mr Jarvis said.

Seasonally adjusted employment and hours worked, indexed to March 2020



Source: Labour Force, Australia Tables 1 and 19

Underemployment and underutilisation

The underemployment rate remained at 6.0 per cent in January 2025. This was 0.7 percentage points lower than January 2024, and 2.7 percentage points lower than March 2020.

The underutilisation rate, which combines the unemployment and underemployment rates, rose 0.1 percentage point to 10.1 per cent. This was 3.8 percentage points lower than March 2020. The last time it was around 10 per cent, before the pandemic, was just before the Global Financial Crisis in 2008.

Underlying trend data

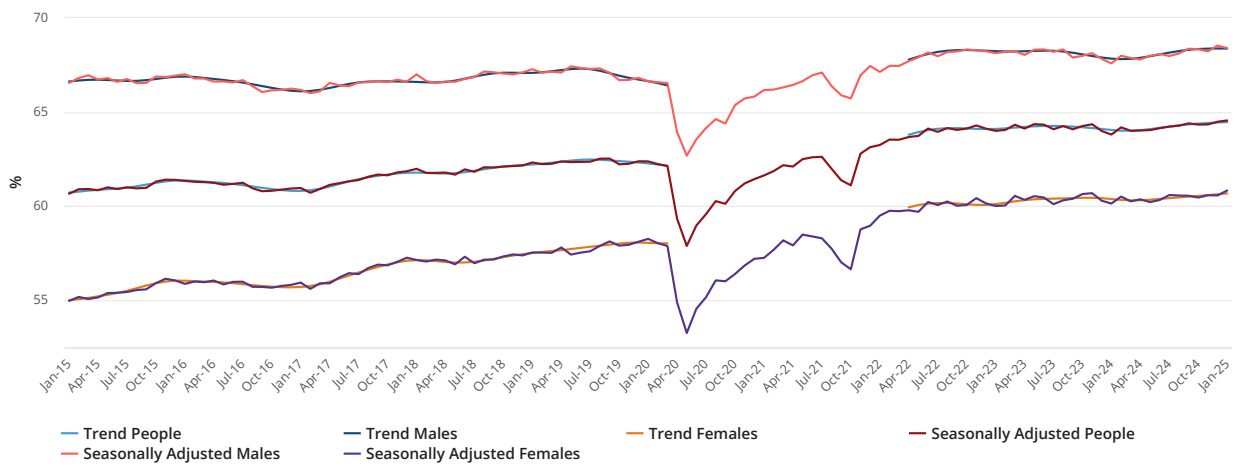
The trend unemployment rate remained at 4.0 per cent in January. It has been within a relatively narrow range of 3.9 and 4.1 per cent for the past 12 months.

In trend terms, employment grew by around 34,000 people (0.2 per cent), which was at the same rate as the 20-year pre-pandemic average (0.2 per cent).

Monthly hours worked grew slightly slower than employment, rising by 0.1 per cent.

“The employment-to-population ratio rose marginally to a new record high of 64.5 per cent in January, while the participation rate remained at a record high of 67.2 per cent,” Mr Jarvis said.

Employment to population ratio by sex



Source: Labour Force, Australia Table 1

The underemployment rate remained at 6.0 per cent and the underutilisation rate fell slightly to 10.0 per cent.

More information, including regional labour market data, will be available in the upcoming January 2025 issue of Labour Force, Australia, Detailed, on Thursday 27 February 2025.

The ABS would like to thank Australians for their continued support in responding to our surveys.

Media notes

- The January survey reference period is from 5 January 2025 to 18 January 2025.
- The February survey reference period is from 2 February 2025 to 15 February 2025.
- The ABS defines pre-pandemic as March 2020 when analysing and reporting labour force statistics.
- The ABS has released additional information on seasonal adjustments (/articles/seasonal-adjustment-and-changing-seasonality-labour-force-statistics-January-2025) and job attachments (/articles/insights-job-attachment-january-2025) alongside the Labour Force, Australia, January 2025 release.
- Watch our data literacy presentation on CPI, inflation and cost of living data (https://www.youtube.com/watch?v=9-sGkfqqI70) as well as our ABS data crash course (https://www.youtube.com/watch?v=le2K3PNejU4&list=PLR8_RxifMwL4JQTxYclMANzga67VBlyhj&index=11) , designed especially for journalists to learn how to find, download and interpret our data.
- Access official, high-resolution images of Bjorn Jarvis and other ABS media spokespeople can be found in our image library (https://www.abs.gov.au/media-centre/abs-image-library) .
- When reporting ABS data you must attribute the Australian Bureau of Statistics (or the ABS) as the source.

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